

**STATE OF MONTANA  
OFFICE OF THE GOVERNOR  
EXECUTIVE ORDER No. 1-2024**

**EXECUTIVE ORDER CREATING THE PROPERTY TAX ADVISORY COUNCIL**

**WHEREAS**, property taxes, which are largely a function of local jurisdictions, including counties, cities, towns, school districts, and other local taxing districts – which can assess mill levies, assessments, and fees on property and its owner – fund local government services, with approximately 85% of property tax revenue from residential homeowners going directly to local jurisdictions and the remaining 15% going to the State of Montana which returns the amount in full to help fund K-12 public schools throughout the State;

**WHEREAS**, as a result of the rising market value for homes in Montana, the median residential property was reappraised with an increase of roughly 40% between 2020 and 2022, and coupling the increased reappraisal with spending decisions by local jurisdictions, most Montana homeowners faced higher property tax bills in 2023;

**WHEREAS**, many county governments have been responsible stewards of taxpayer resources, including Flathead County which reduced its spending from fiscal year 2023 to fiscal year 2024 by 2.11%, though others have been less fiscally responsible, with their spending and property tax revenues increasing well above the rate of inflation;

**WHEREAS**, between 2001 and 2022, inflation grew at an average annual rate of 2.42%, while between tax years 2001 and 2022, the annual average county property tax growth rate was 6.19%, city property tax growth rate was 6.13%, local schools property tax growth rate was 4.40%, countywide schools property tax was 3.60%, according to Legislative Fiscal Division;

**WHEREAS**, the State of Montana collects the 95 public school mills, which account for only about 15% of a residential property tax bill, and distributes them fully back to school districts for equalization of school funding to ensure each student in the State's public schools has access to a quality education;

**WHEREAS**, on November 10, 2022, the Governor, seeing a record surplus in 2023 from a fiscally responsible state budget enacted in 2021 and using those surplus income tax revenues to alleviate the expected increase in residential property tax bills, proposed his Budget for Montana Families that included a \$2,000 property tax rebate for Montana homeowners for their primary residence over tax years 2022 and 2023;

**WHEREAS**, on January 19, 2023, the House Taxation Committee considered the Governor's property tax rebate proposal in House Bill 222, and voted 14-7 to cut the Governor's proposed rebate in half to \$1,000 over tax years 2022 and 2023;

**WHEREAS**, the Governor signed House Bill 222 on March 13, 2023, and House Bill 816 on June 5, 2023, which together provided a property tax rebate of up to \$1,350 for Montana homeowners for their primary residence over tax years 2022 and 2023;

**WHEREAS**, from August 2023 through the end of the year, the Montana Department of Revenue issued 215,927 property tax rebates to Montana homeowners for their primary residence;

**WHEREAS**, taken together, the property tax rebate and the income tax rebate, which was enacted through House Bill 192 and which the Governor signed into law on March 13, 2023, provide a Montana family with tax rebates of up to \$3,850 over 2023 and 2024;

**WHEREAS**, the Legislature passed and the Governor signed into law House Bill 587, a long-term property tax relief measure that is projected to save Montana property taxpayers approximately \$123 million between fiscal years 2025 and 2027;

**WHEREAS**, the nonpartisan Legislative Fiscal Division estimates that property tax relief measures enacted in 2023, including the property tax rebates from House Bill 222 and House Bill 816 and the long-term reform and relief provided in House Bill 587, will save Montana residential property taxpayers \$383 million, almost completely offsetting the estimated increase residential taxpayers will pay over the next two years, approximately \$394 million;

**WHEREAS**, the strain of rising property taxes is forcing some Montana homeowners to consider selling the home they have owned and lived in for decades, and the State and its political subdivisions have an obligation to ensure Montana homeowners should not face that decision;

**WHEREAS**, lower-income Montanans, as well as those on fixed incomes, rely on programs like the Property Tax Assistance Program, which supports nearly 22,500 Montana homeowners;

**WHEREAS**, before 2023, the Property Tax Assistance Program, which reduces the taxable value for Montanans at their primary residence at graduated rates based on income and in turn results in lower property tax payments for program participants, was last reformed in 2015;

**WHEREAS**, reforms enacted to the Property Tax Assistance Program (PTAP) through House Bill 189, which the Governor signed into law on May 18, 2023, increased the PTAP market value limit from \$200,000 to \$350,000 to better reflect the current housing market and raised the PTAP income limit to match the federal poverty level, representing low- and fixed-income households more accurately;

**WHEREAS**, the Montana Disabled Veterans (MDV) Assistance Program helps disabled veterans or their unmarried surviving spouse by reducing the property tax rate on their home, and was reformed through House Bill 189 in 2023 to increase program eligibility and more accurately reflect current income levels;

**WHEREAS**, too many Montanans find their residential property tax bills complex and difficult to understand; and

**WHEREAS**, Montanans have consistently rejected a statewide sales tax.

**NOW, THEREFORE, I, GREG GIANFORTE**, Governor of the State of Montana, pursuant to the authority vested in me under the Constitution, Mont. Code Ann. § 2-15-122 and any other applicable statutes, do hereby authorize the creation of the Property Tax Advisory Council, also known as the Governor's Property Tax Task Force ("Task Force"), and order as follows:

### **PURPOSE**

The Task Force shall provide the Governor with recommendations and strategies for the State of Montana and any political subdivision of the State to reform the property tax system and reduce the burden of property taxes on taxpayers.

In developing recommendations and strategies, the Task Force shall seek input from Montana citizens, members of the Montana Legislature, Montana associations whose members are impacted by property tax policy, advisory groups and researchers focused on property tax policy, and other appropriate stakeholders as determined by the Task Force.

### **COMPOSITION**

The Task Force shall consist of up to 25 members who shall be appointed by and serve at the pleasure of the Governor.

The Director of the Office of Budget and Program Planning shall serve as the presiding officer of the Task Force.

Task Force members shall include, but not be limited to, persons from the following categories:

- members or staff of professional associations representing taxpayers, school boards, business, industry, and agriculture;
- state agency directors, or their designees, including from the Department of Revenue;
- elected officials, including state legislators and leaders from local jurisdictions; and
- subject matter experts and researchers.

The Department of Revenue shall provide administrative support for the Task Force.

Given the diverse composition of the Task Force, meetings may be conducted in person throughout the State and/or remotely as determined by the presiding officer.

### **REPORT**

By August 15, 2024, the Task Force shall provide an initial written report to the Governor with recommendations and strategies to reform the property tax system of the State of Montana and its political subdivisions, including:

- arresting the rate of growth of property taxes, including assessments and fees, as well as alleviating the impact of drastic increases of property reappraisals;

- increasing transparency of property tax bills, making them easier to understand for property taxpayers, and improving customer service in the payment schedules for property taxpayers;
- increasing transparency of and public engagement in public budgeting;
- increasing public participation for mill levy ballot measures;
- ensuring property taxes paid by Montana resident homeowners and on Montana long-term rentals reflect well on supporting homeownership and workforce housing;
- ensuring each Montana child has access to a quality education; and
- ensuring lower-income Montana homeowners, Montana homeowners who are on a fixed income, and disabled Montana veterans or their surviving spouse are not at risk of losing their home because of property taxes.

The Task Force's report shall focus its recommendations and strategies on measures the Legislature could consider and the Governor could sign into law.

## **TERMINATION**

The Task Force shall cease to exist on January 1, 2026, unless rescinded earlier or renewed by subsequent executive order.

## **COMPENSATION**

Council Members shall be entitled to reasonable travel expense reimbursement under Mont. Code Ann. § 2-15-122.

THIS ORDER is effective immediately.



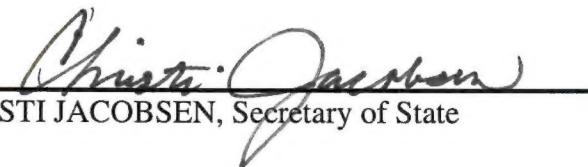
GIVEN under my hand and the GREAT SEAL of the State of Montana this 11 day of January, 2024.




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GREG GIANFORTE, Governor

ATTEST:




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CHRISTI JACOBSEN, Secretary of State